

Electronic Benefit Transfer (EBT) Project



Request for Proposal for EBT Services

Section 4, Proposed System

• • • • •
RFP-OSI-0530-204

May 2007

Table of Contents

4	Proposed System.....	1
4.1	Program Inclusion	1
4.2	Proposed Technical Environment	2
4.3	Proposed Business Environment	3
4.4	Transition	4

4 Proposed System

California's original EBT implementation consisted of converting 56 of its 58 counties from food stamp coupon issuance to using EBT. Most of these counties elected to add cash to their EBT program. Two final counties—San Bernardino and San Diego—were converted to the statewide system in 2005. These counties were already piloting EBT for the issuance of food stamp benefits. Currently, all 58 counties issue food stamp benefits using EBT and 54 counties use EBT to issue cash benefits.

The state has set several goals related to any enhanced or new system that results from this procurement. These include:

- Transparency to clients – The state seeks a solution that has little or no impact on clients. Requirements have been written to cause the least disruption in service delivery.
- Minimal impact to counties – The state anticipates there will be some changes that impact the counties and the SAWS consortia; however, the state seeks the least amount of impact to these stakeholders and the maximum amount of support to be provided to them.
- Improved cost effectiveness – Given the size of its caseload, the state seeks economies of scale in EBT services procured.

It is important to note that this section provides an overview of the scope of proposed EBT services and does not represent a definition of technical requirements. Bidders should refer to Section 6, Business and Technical Requirements, for specific requirements, as well as associated appendices for supporting detail.

4.1 Program Inclusion

The following programs will be included in California's EBT Project:

- Federal Food Stamp Program
- California Food Assistance Program
- California Work Opportunity and Responsibility to Kids
- Refugee Cash Assistance
- General Assistance/General Relief
- Cash Assistance Program for Immigrants
- Restaurant Meals Program

Health and Safety Code Section 104601 (AB 2384, Chaptered September 13, 2006) establishes a Healthy Food Purchase Pilot Program to increase the sale and purchase of fresh fruits and vegetables in low-income communities. This statute requires the California Department of Health Services (DHS)¹⁰ to develop a pilot program, which would provide strategies aimed at small grocers in targeted low-income neighborhoods to increase the offerings of fresh fruits and vegetables in those communities. The statute also mandates strategies aimed at food stamp clients to increase their purchase of fresh fruits and vegetables by making those products more affordable, including the development and implementation of financial incentives and directs the DHS and the CDSS to gain the necessary approvals to provide the financial incentives through use of the EBT card.

A Concept of Operations for this program is available in the bidders library. Subject to state funding for implementation of Section 104601, the state will initiate a work authorization shortly after contract award to develop and implement this aspect of Section 104601. The Contractor should expect this work will be done concurrent with transition activities and the Healthy Food Purchase Pilot Program as provided in Section 104601 would be implemented shortly after transition is complete.

In the future, the state may also add benefit types as well as other social services programs to the EBT Project. Benefit types could include, but are not limited to, Tribal TANF payments, Welfare-to-Work supportive services (e.g., child care, transportation, and ancillary services), Adoption Assistance payments, and Women, Infants, and Children (WIC). Other programs could include those under the direction of the California Health and Human Services Agency and possibly benefit programs from other state agencies. The state may also implement paycard technology, vault cards, or other electronic benefit issuance means.

4.2 Proposed Technical Environment

The state intends for the EBT host system to act much as it does currently. The system should capture and maintain client demographic and benefit data. It should support online transaction processing, administrative application functionality, file acceptance and transfer, and reporting.

The proposed EBT system must interface with the SAWS consortia in two (2) ways: host-to-host messages and batch files. The state has detailed requirements for these interfaces that leverage the existing infrastructure and offer the least amount of change to county operations and those processes used by the SAWS consortia. The Contractor will be expected to develop and maintain over 40 interfaces between the counties, the SAWS consortia, state systems, and the EBT host system using these requirements.

¹⁰ Effective July 1, 2007, the DHS will be known as the Department of Public Health.

As noted in Section 3, Current System, the counties in ISAWS will be migrating to C-IV. The Contractor should be prepared to participate in interface and system testing as part of this migration effort.

The Contractor will also be expected to support and maintain the Contractor's EBT system and all associated hardware and software. This includes expanded responsibility from the current contract for equipment purchase, deployment, and maintenance (e.g., POS devices, card printers, PIN selection devices, telecommunication equipment, etc.).

4.3 Proposed Business Environment

The Contractor's proposed system must support a comprehensive set of business functions including account creation, balance inquiry, the ability to add and delete benefits, and the ability to view card, cardholder, and transaction data. The state also seeks functionality related to printing cards, unlocking disabled PINs, deactivating cards and reactivating accounts, conducting settlement and reconciliation, reporting, and viewing correction request/adjustment data. The state seeks browser-based applications that leverage Internet functionality and presentation.

The Contractor's system will provide state and county users with the necessary security levels to accommodate business operations. Users may view data at a county or statewide level; however, because each county has its own caseload, users should only be allowed to update data on cases within their specific county.

There are over 83,000 locations throughout the state where clients may access food stamp and/or cash benefits including those retailers that have EBT-only POS devices. The Contractor must be prepared to provide as-needed support to these retailers and financial institutions and support new enrollments. The Contractor is also responsible for maintaining and improving cash access in the counties. The Contractor is expected to pursue additional surcharge-free cash access.

To support counties' cash EBT programs, the Contractor will be expected to provide monthly cash access reports that list locations where cash may be accessed, maximum transaction amounts, locations that surcharge, and the associated surcharge. For their food stamp programs, counties will receive a monthly retailer listing that identifies, by zip code, FNS-authorized retailers.

The Contractor is expected to provide comprehensive customer service. To promote transparency, the Contractor will use the state's existing dedicated toll-free customer service telephone number and the state's ARU scripts to provide a client helpline that supports clients' EBT needs. Due to the state's diverse population, the current 11 languages supported in the ARU must continue to be supported. In addition, the Contractor will provide a website that provides clients the ability to check their balances, view transactions, locate FNS-authorized retailers and EBT cash access, and perform other functions.

The Contractor is expected to provide project management and staffing to sufficiently support all aspects of California's EBT Project. The state expects the Contractor to maintain a local office in Sacramento, California. The Contractor is also expected to follow the EBT Project's operational processes related to system outages and problems, change orders (work authorizations), system testing, documentation, inventory, invoicing, and Contractor/EBT Project disputes.

4.4 Transition

In the event of a change in contractors, the state will need to transition to a new contractor's system. The state intends to complete this transition no later than 18 months after contract award. The transition will require a positive and proactive working relationship amongst all parties involved, including the current EBT Contractor, the new Contractor, the state, the counties, the SAWS consortia, and other stakeholders such as SARS, retailers, and financial institutions. The Contractor is expected to provide sufficient resources to manage all aspects of the transition successfully.

There are six (6) primary components of the transition the Contractor will be responsible for, including:

- Retailer Conversion – There are over 12,000 retailers in the state that use the state's EBT-only POS devices to support food stamp transactions. The Contractor will be responsible for securing new retailer agreements with existing and newly authorized retailers. The Contractor will be responsible for all aspects of moving these retailers from the current software load to the new software load and providing all related conversion activities.
- Telecommunications and Interfaces – In Section 4.2, Proposed Technical Environment, the state summarizes the number and types of interfaces to be created. All these interfaces must be in place and fully tested prior to cutover.
- Host System Conversion – The current EBT system maintains records for approximately 880,000 households. All data must be successfully migrated from the current EBT Contractor to the new Contractor. The state anticipates several rehearsals to ensure a smooth cutover and minimize the amount of time either system is down.
- Testing – Testing is a natural component of telecommunication and host system conversion. It is imperative bidders recognize the importance of detailed test plans and processes at every stage of the transition. The Contractor is responsible for all aspects of testing, including development and execution of test plans, procedures, scenarios, and results.

- Cash Access – The state and the current EBT Contractor went to extensive efforts to establish and promote access to cash EBT benefits throughout the state. National, state, and local banks and retailers, as well as the U.S. Postal Service, were recruited to accept the EBT card and also provide surcharge-free access. The state seeks to maintain or improve current cash access levels and the Contractor will be expected to demonstrate that acceptable cash access is achieved in each county.
- County Transition – In the original implementation, California's counties received significant support from the state and current EBT Contractor. Implementation support focused on the telecommunication infrastructure, equipment installation, business processes and operations, client transition to the EBT card, and user training on the EBT system. Even though counties are now significantly more knowledgeable in all aspects of implementing EBT, the Contractor will support county transition notably in the areas of user training, business and technical operations, and equipment matters.

If there is no change in contractors, the transition requirements are fewer; however, the Contractor will be expected to implement new functionality, replace equipment, and establish other services, within the same 18-month period.